

A.G. Schneiderman & Comptroller DiNapoli Announce Sentencing Of Defendants In Elaborate Multi-Million Dollar Bid-Rigging Case Involving Public Contracts

Sentences Include Up To Seven Years In State Prison, The Waiver Of A Government Pension, And Over One Million Dollars In Restitution, Forfeiture, And Fines

ROCHESTER – Attorney General Eric T. Schneiderman and State Comptroller Thomas P. DiNapoli today announced the sentencing of the remaining three defendants in an elaborate bid-rigging conspiracy that illegally steered multi-million dollar public works contracts for Monroe County to favored and connected companies, resulting in the restraint of competition. The defendants profited from this scheme and defrauded the taxpayers of Monroe County.

“There has to be one set of rules for everyone, no matter how rich or how powerful, and that includes political insiders,” said **Attorney General Schneiderman**. “The politically connected shouldn’t be given the inside track to unfairly obtain lucrative government contracts, and I will continue to fight this kind of corruption whenever and wherever I find it.”

“As our audit and investigation revealed, and through the Attorney General’s prosecution, these individuals exploited LDCs to their benefit, saddling Monroe County taxpayers with millions in costs,” said **State Comptroller Thomas P. DiNapoli**. “These cases send a warning to any official who would abuse the public’s trust. I thank Attorney General Schneiderman for his continued partnership in our Operation Integrity.”

Daniel Lynch, a Rochester-area businessman was sentenced today by the Honorable Dennis M. Kehoe in Monroe County Court to serve 2 and 1/3 to 7 years in State Prison and to pay a total of \$600,083.70 in restitution to Monroe County. In February, Lynch pleaded guilty before Judge Kehoe in Monroe County Court to four felonies, including two counts of the class “C” felony charge of Grand Larceny in the Second Degree in violation of Penal Law § 155.40(1) and two counts of the class “E” felony charge of Combination in Restraint of Trade and Competition in violation of General Business Law §§ 340 and 341, also known as New York State’s Donnelly Act.

Nelson Rivera, former Chief Information Officer for Monroe County was sentenced today by Judge Kehoe to five years of probation, a condition being that he may never again serve as a New York public employee. Rivera also gave up his government pension and disgorged all contributions previously made to his pension totaling \$36,241.26 after mandatory withholdings. Rivera paid an additional \$25,000.00 fine to New York State. In February, Rivera pleaded guilty before Judge Kehoe to two class “E” felony counts of Combination in Restraint of Trade and Competition in violation of General Business Law §§ 340 and 341.

John Maggio, a Rochester-area businessman was sentenced today by the Honorable Dennis M. Kehoe in Monroe County Court to a one year conditional discharge, following a plea to one count of Attempted Combination in Restraint of Trade and Competition in violation of General Business Law §§ 110/340 and 110/341, a class “A” misdemeanor. As part of his sentence, Maggio must perform 200 hours of community service, and has paid \$350,000.00 in restitution to Monroe County and reimbursement for costs associated with the prosecution.

Robert Wiesner, the former Security Director for the Monroe County Water Authority, was previously sentenced by Judge Kehoe in January, to a three-year conditional discharge upon his plea of guilty to one class “E” felony count of Combination in Restraint of Trade and Competition in violation of General Business Law §§ 340 and 341. At the time of his sentence, Wiesner paid a \$5,000.00 fine and forfeited \$3,000.00 of illegal gain.

The four defendants were originally indicted in November 2013 and charged with a scheme to rig the bidding processes for a number of multi-million dollar public works contracts in Monroe County. Those contracts included a \$99 million contract to provide upgrades and maintenance for the County’s IT infrastructure (the “IT project”), and a \$212 million contract to provide

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upgrades and maintenance for the County’s public safety and security systems (the “Public Safety project”). Each of these contracts was unlawfully awarded to a company connected to defendant Lynch.

Previously, all four defendants admitted to colluding to rig the bid for the \$212 million contract for the Public Safety project so that the contract would be awarded to Navitech Services Corporation (“Navitech”), a company created by defendants Lynch and Maggio for the purpose of obtaining the Public Safety and IT contracts.

Among other things, defendants Rivera and Wiesner admitted to providing inside information to Lynch on several occasions well in advance of the release of the Request For Proposal (“RFP”) for the project and Lynch admitted to using that information to obtain an unfair and unlawful advantage in responding to the RFP. Rivera, Lynch and Wiesner also admitted to working together to draft Navitech’s response to the RFP and to assembling the team of subcontractors that would join Navitech’s response months before the RFP was released. Rivera further admitted to hiding the fact that the County intended to use a Local Development Corporation as a financing mechanism for the project, from any potential respondents to the RFP, other than Lynch, all but insuring that Navitech - Maggio and Lynch’s company - would win the bid. In addition, Rivera admitted to taking steps to keep Lynch’s role in Navitech secret in order to make sure that officials would approve the contracts between the County and the Local Development Corporation created to finance the project – Monroe Security and Safety Systems LDC (“M3S”) as well as between M3S and Navitech. Rivera went so far as to give false answers to the County Legislature when asked directly about Lynch’s role in Navitech and whether anyone from the County had spoken to anyone from Navitech about the project prior to the release of the RFP. Navitech was ultimately awarded the Public Safety project contract, which, as the defendants admitted, was predetermined.

Lynch and Rivera also pleaded guilty to and admitted rigging the bid for the \$99 million contract for the IT project.

Among other things, Lynch and Rivera admitted to working together to develop the IT project, draft the RFP for the IT project even though both Rivera and Lynch knew Lynch planned to respond to the RFP through his employer at the time - Siemens Building Technologies, Inc. (“Siemens”) - thus giving Lynch access to inside information that no other responding vendor had access to, and to working together to compose Lynch’s response to the RFP on behalf of Siemens. Rivera and Lynch further admitted that the IT project was always designed to be financed through an LDC and that Lynch is the only responding vendor that had access to that crucial information. Rivera and Lynch worked together to form the LDC that would finance the project – Upstate Telecommunications Corporation LDC months before the RFP was even released. Because of this scheme, Siemens was ultimately awarded the IT project contract, which, Rivera and Lynch admitted, was predetermined.

Once the illegal manipulation of the County RFP process was complete, as Lynch admitted at the time of his guilty plea, he engaged in a complex scheme to steal from the County by inflating contracts and creating false contracts and invoices as part of these projects. Lynch admitted to using the money stolen from Monroe County to, among other things, make political contributions, fund elaborate entertainment expenses, and purchase personal items for himself and others such as televisions, computers, and a residential alarm system.

This case and investigation were conducted as part of Operation Integrity, a joint partnership between the New York State Attorney General and New York State Comptroller to root out public corruption and abuse in local government.

Assistant Attorneys General Mary Gorman and Brian McDonald of the Attorney General’s Public Integrity Bureau are prosecuting the case, with assistance from analysts Morgan McCollum and Joseph Conniff, former analyst Kamla Sookram, and Auditor John Serrapica. The Public Integrity Bureau is led by Bureau Chief Daniel Cort and Deputy Bureau Chief Stacy Aronowitz. The investigation was handled by Investigators David Buske and Christopher Reidy of the Investigations Bureau, with support from Investigator Richard Doyle, Deputy Bureau Chief Antoine Karam, and Bureau Chief Dominick Zarrella. Executive Deputy Attorney General Kelly Donovan leads the Criminal Justice Division.

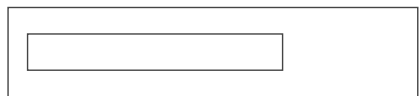
The investigation was conducted jointly with State Comptroller Thomas P. DiNapoli’s Division of Investigations and Division of Local Government.

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